

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE ADJUSTMENT OF RATES OF THE)
SANDY VALLEY WATER DISTRICT) CASE NO. 9026

O R D E R

IT IS ORDERED that Sandy Valley Water District ("Sandy Valley") shall file an original and six copies of the following information with the Commission by June 11, 1984. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Sandy Valley has in this case proposed to use the financial data contained in its 1983 annual report as its test-period financial data. The Commission has noted that Sandy Valley did not propose any adjustments to its test-period financial data to reflect changes in operating conditions as it is entitled. Should Sandy Valley desire to propose any such adjustments in support of its application in this case it must provide a schedule showing all adjustments to specific revenue and expense accounts along with a pro forma income statement and an explanation of such proposed adjustment.

2. Identify specifically the exact amount of additional revenues the proposed rates will generate over test period revenues. Also provide the calculations and assumptions,

including copies of workpapers, used to determine the increased revenue requested in the application.

3. Provide a copy of the electric bills for the test period with an explanation of where in the 1983 annual report the electric expense has been reported.

4. Provide the following information for each employee or officer (including commissioners) employed by Sandy Valley during the test year.

- a. Name of employee or officer,
- b. For each commissioner, provide the personal mailing address,
- c. Job title and a complete description of the duties and responsibilities of each individual,
- d. Total amount of compensation and employee benefits charged to operating expenses for each employee and commissioner during the test year,
- e. Rate of pay for each employee at the beginning of the test year and at the end of the test year,
- f. Total amount of regular hours and overtime hours worked during the test year by each employee.

5. Provide a schedule which shows the type and amount of coverage provided and the annual premium for each insurance policy in force during the test year.

6. Provide a detailed breakdown of the costs incurred in the following accounts for the test year. The analysis should include a brief description of each expenditure over \$100, the name of the vendor, the date and amount of the purchase, and the

reference or voucher number. Items of less than \$100 may be grouped with appropriate identification of the number of purchases contained in the total and a brief description of costs contained in each group.

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| a. Maintenance of distribution reservoirs | \$29,981 |
| b. Supplies expense | \$10,813 |

7. Provide copies of the purchased water bills for the test period. In addition, identify the date that Sandy Valley began purchasing water from the City of Prestonsburg.

8. It is the Commission's policy to disallow depreciation associated with the contributed property for rate-making purposes. Sandy Valley's December 31, 1983 balance sheet reflects total contributions of \$919,239, approximately 61 percent of Sandy Valley's utility plant in service. In order for the Commission to make an informed decision in this case, provide any information or other evidence available in support of Sandy Valley's position on this issue.

9. Provide a copy of the Series A bond resolution. If this item has been filed in a previous case before this Commission reference to that case shall be sufficient response.

10. Provide an analysis of Account 419--Interest and Dividend Income. Include a description of the investments generating the income and the returns realized on the investments.

11. Please provide justification as to why you are proposing to increase only the rates for the customers served by a

5/8-inch connection. Explain in detail why all other customers should not receive an increase.

12. The statement of income filed in your application shows total sales of water in the amount of \$213,631.83. The billing analysis shows total sales of water in the amount of \$220,484.59. Please reconcile the difference of \$6,853 or 3.21 percent.

13. The billing analysis shows 1,138 customers and the statement of income shows 1,302 customers. Please provide an explanation for the difference of 164 customers.

Done at Frankfort, Kentucky, this 22nd day of May, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary